

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

In re:

Schopf's Hilltop Dairy, LLC,

Case No. 15-33333-GMH

Chapter 11

Debtor.

**NOTICE OF OBJECTION TO MOTION TO DISMISS, AND MOTION TO CONVERT
CASE TO CHAPTER 7**

PLEASE TAKE NOTICE that a hearing will be held before the Honorable G. Michael Halfenger, United States Bankruptcy Judge, on **July 3, 2017, at 10:00 a.m.**, at the United States Courthouse, 517 East Wisconsin, Room 133, Milwaukee, Wisconsin, to consider the Debtor's Objection to Motion to Dismiss, and Motion to Convert Case to Chapter 7, a copy of which is attached hereto.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in the bankruptcy case. If you do not have an attorney, you may wish to consult one.

If you do not want the Court to grant the Debtor's Motion, or if you want the Court to consider your views on the matter, then no later than **June 30, 2017**, you or your attorney must:

1. File with the Court a written objection at:

Clerk of the U. S. Bankruptcy Court
Room 126, Federal Courthouse
517 E. Wisconsin Avenue
Milwaukee, WI 53202

If you mail your objection to the Court for filing, you must mail it early enough so the Court will receive it on or before the date stated above.

2. You must also mail a copy to:

Drafted by:
John W. Menn
Steinhilber Swanson LLP
107 Church Ave, PO Box 617
Oshkosh, WI 54903-0617
Tel: 920-235-6690 / Fax: 920-426-5530
jmenn@oshkoshlawyers.com

Attorney John W. Menn
Steinhilber, Swanson et al
107 Church Avenue
Oshkosh, Wisconsin 54901

Dated this June 23, 2017.

By: /s/
John W. Menn
Attorney for the Debtor
107 Church Avenue, P.O. Box 617
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**UNITED STATES BANKRUPTCY COURT
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In re:

Schopf's Hilltop Dairy, LLC,

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**OBJECTION TO MOTION TO DISMISS, AND MOTION TO CONVERT CASE TO
CHAPTER 7**

NOW COMES the Debtor, Schopf's Hilltop Dairy, LLC, by its attorneys, Steinhilber Swanson LLP, by Attorney John W. Menn, and hereby objects to the Motion to Dismiss Case filed by Investors Community Bank, and requests that this case be converted from chapter 11 to chapter 7. In support thereof, the Debtor states as follows:

Jurisdiction and Background

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and 1334(a), and the order of reference in this district entered pursuant to §157(a). This is a core proceeding under 28 U.S.C. §157(b)(2)(a). Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The basis for the relief sought herein is 11 U.S.C. § 1112(a); Fed. R. Bankr. P. 1017(f)(1), 9014, and 2002(a)(4); and Local Rule 1017.
3. On December 14, 2015, Schopf's Hilltop Dairy, LLC (hereinafter, "Debtor") filed its voluntary petition for relief in this Court.
4. The Debtor remains in possession of its property and is operating its business as debtor in possession, pursuant to §§1107 and 1108 of the Bankruptcy Code

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Request for Relief

5. The Debtor is eligible to be a debtor under chapter 7.
6. This case was originally filed as a chapter 11 case.
7. The Debtor desires to convert to chapter 7 in order to allow the Chapter 7 Trustee to conduct an orderly liquidation of its property, and pursue any preferences and/or causes of action.
8. The Debtor believes that conversion to chapter 7 will be in the best interests of creditors and the estate, as it will allow the Chapter 7 Trustee to do the following:
 - a. Continue litigation which the Debtor began in adversary case # 16-02254-GMH, against Land O'Lakes, Inc, Purina Animal Nutrition LLC, and CP Feeds, LLC. The Debtor's expert has prepared a report of damages through July 2016 indicating \$702,207 of damages, attached hereto as Exhibit A, and a supplemental report showing continuing damages from August 2016 through March 2017 of \$594,272, attached hereto as Exhibit B, for total damages through March 2017 of \$1,296,479.00. This would also allow any recovery from that litigation to be orderly distributed to creditors.
 - b. At any given time, the Debtor has approximately \$180,000.00 of milk receivables, as the milk produced in a given month is paid out in the following month. The Chapter 7 Trustee would be in the best position to take possession of and disburse those milk receivables.
 - c. Within 90 days prior to the filing of the bankruptcy petition, the Internal Revenue Service levied on the Debtor's milk check from Land O'Lakes, and received two payments totaling \$153,407.43. Attached as Exhibit C is the milk check stub for

pay period 10/1/2015-10/31/2015, and attached hereto as Exhibit D is the milk check stub for pay period 11/1/2015-11/30/2015, showing these levies by the IRS.

This levy is a preference that could be recovered by the Chapter 7 Trustee for distribution to creditors in order of priority.

Basis for Relief and Argument

9. Investors Community Bank ("ICB") previously filed a motion to dismiss this case. However, the Debtor believes that the better course of action will be to convert to chapter 7. Although this will result in a slight delay before ICB is able to exercise its state court collection remedies, this is not a significant factor that should favor dismissal over conversion. Based on the values of the property of the Debtor, and the fact that there is a milking dairy herd currently at the farm, the Chapter 7 Trustee will no doubt file a motion to abandon the main farming assets as soon as possible after the conversion, and will only retain the right to pursue the various claims outlined above. Thus, ICB will shortly receive the relief it is seeking, and the other creditors will not be unduly prejudiced.
10. 11 U.S.C. § 1112(b)(1) states "Except as provided in paragraph (2) and subsection (c), on request of a party in interest, and after notice and a hearing, the court shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate." Both paragraph (2) and subsection (c) of § 1112 are inapplicable in this case.
11. The Court in *In re Helmers*, 361 B.R. 190, 196 (Bankr. D. Kan. 2007), summarized that "The Court is given broad discretion in determining which choice to make but is

governed by this "best interests" test. The Code does not define the phrase or set forth what factors to consider in determining what is in the best interests of creditors and the estate." The *Helmers* decision goes on to summarize some of the relevant factors a Court is to consider in weighing the option to convert or dismiss, which were set forth in *Colliers*, as follows:

- (1) whether some creditors received preferential payments, whether equality of distribution would be better served by conversion rather than dismissal;
- (2) whether there would be a loss of rights granted in the case if it were dismissed rather than converted;
- (3) whether the debtor would simply file a further case upon dismissal;
- (4) the ability of the trustee in a chapter 7 case to reach assets for the benefit of creditors;
- (5) in assessing the interest of the estate, whether conversion or dismissal of the estate would maximize the estate's value as an economic enterprise;
- (6) whether any remaining issues would be better resolved outside the bankruptcy forum;
- (7) whether the estate consists of a "single asset,";
- (8) whether the debtor had engaged in misconduct and whether creditors are in need of a chapter 7 case to protect their interests;
- (9) whether a plan has been confirmed and whether any property remains in the estate to be administered; and
- (10) whether the appointment of a trustee is desirable to supervise the estate and address possible environmental and safety concerns.

Id. at 196-197.

12. In this case, for the reasons specified above, factors 1, 2, 4, and 9 weigh in favor of conversion – it will allow an orderly liquidation of the remaining property (that which won't be abandoned), recovery of preferences, pursuit of litigation, and the distribution of any recovery to creditors. Factors 3, 5, 7, 8, and 10 do not appear to be applicable in this case. Factor 6 weighs in favor of dismissal, so that ICB can pursue its state court remedies – however, a motion for relief from stay and the abandonment of its collateral in the chapter 7 will accomplish the same goal, without prejudicing other creditors.

WHEREFORE, the Debtor respectfully requests the Court to deny the motion to convert, and to instead convert this case to Chapter 7.

Dated this June 23, 2017.

STEINHILBER SWANSON LLP

By: /s/
John W. Menn
Attorney for the Debtor
107 Church Avenue, P.O. Box 617
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**THE ECONOMIC LOSS TO THE SCHOPF HILLTOP DAIRY
DUE TO MAGNESIUM POISONING**

By

**Michael Behr, Ph.D.
Economist**

For

August 29, 2016

GENERAL ANALYSIS

The analytical approach is to determine the loss of profit due to the damage, where profit is defined as the Return Over Variable Costs (ROVC). The loss of profit is given by the reduced production of milk and the reduced size of the herd in the present less the reduced variable costs from the damage.

The analysis is market oriented. It values economic events at the market as the social consensus of value. The analysis therefore does not include such elements as mental anguish, pain and suffering, the loss of reputation, or other such effects.

The analysis also does not include such indirect added costs of production as additional interest paid on accounts which came into existence because of the damage.

SUMMARY

1. Plaintiffs' sustained an economic loss to their dairy farm from an feed damage which had begun by May 2015.
2. Plaintiffs' loss is comprised of reduced milk production, reduced young stock, cull cows, death loss and capital loss.
3. Plaintiffs' loss is based on normal milk production of 27,000# per cow per year as of May 2015, increasing by 250.00# per month to 30,000# as of May 2016.
4. Annual losses are given by Table 1 and summarized below.
5. The sources of monthly herd size and milk production and sales data are in Appendix 4.

<u>By Year</u>		<u>By Category</u>	
2015	\$242,334	Milk Loss	\$619,434
2016	<u>\$459,873</u>	Young Stock Loss	\$5,519
		Cull Cow Loss	\$146,150
		Death Loss	\$28,500
		Cost Saving	(\$450,396)
		Capital Loss	<u>\$353,000</u>
Total	\$702,207	Loss from Operations	\$702,207

Table 1. Annual Losses (Notes follow Table)

	2015		2016	
	Actual	Normal	Actual	Normal
1. Number of Cows	427.63	488.25	455.57	534.14
2. Production per Cow	26,322 #	27,902 #	26,076 #	29,653 #
3. Total Production	7,503,828 #	9,082,104 #	6,929,814 #	9,239,521 #
4. Milk Price	\$0.1723	\$0.1723	\$0.1505	\$0.1505
5. Milk Sales	\$1,292,654	\$1,564,537	\$1,042,758	\$1,390,309
6. Milk Loss	\$271,883		\$347,551	
7. Young Stock Loss	\$2,586		\$2,933	
8. Cull Cow Loss	\$146,150			
9. Death Loss	\$28,500			
10. Cost Saving	(\$206,785)		(\$243,611)	
11. Capital Loss			\$353,000	
12. Loss from Operations	\$242,334		\$459,873	

Notes to Accompany Table 1

Lines 1 through 6. Milk Loss

Appendix 2

Line 7. Young Stock Loss

After the herd was sold because of the damage, the value of young stock that would have been produced was lost. The analysis is based on an 80% calf crop per year, half male, half female, with a 30% cull rate leaving 10% of the herd size as heifers available for herd expansion or for sale to other dairies.

Male calf prices are based on data reported in various editions of Agricultural Prices published by the National Agricultural Statistics Service of the United States Department of Agriculture.

Males

		Normal		Actual		Bull				
		Cows		Cows		Rate		Value		Loss
2015	(	488.25	-	427.63	) X	0.40	X	\$107	=	\$2,586
2016	(	534.14	-	455.57	) X	0.40	X	\$93	=	\$2,933
Total										\$5,519

2015 = 8 Months

2016 = 7 Months

Female young stock are left available for replacement of cull cows, or for additional capacity by which the herd would be assured to meet production expectations.

Line 8. Cull Cow Loss

See Table 1. Notes Loss of Animals Page 8

Line 9. Death Loss

See Table 1. Notes Loss of Animals Page 7

Line 10. Cost Saving

Plaintiffs realized a saving of variable cost because of the reduced number of cows in the herd and reduced milk from the cows that remained in the herd. The underlying cost data are developed in Appendix 3.

	Normal Cows	Actual Cows	- - - - Value - - - -	Total Cost Saving
2015	(488.25 - 427.63)	X [	\$3,179 + (1.902 X \$122.24)] =	\$ 206,785
2016	(534.14 - 455.57)	X [	\$2,928 + (1.653 X \$104.55)] =	\$ 243,611
Total				\$ 450,396

2015 = 8 Months

2016 = 7 Months

Line 11. Capital Loss

See Appendix 2, Year 2016: Line 1 and Line 6 Annual Column for herd size.

The loss of value of the herd in the present is as follows.

Normal: 534 X \$2,850 = \$ 1,521,500.

Actual: 456 X \$2,500 = \$ (1,140,000)

Death Loss \$ (28,500) Claimed above

Capital Loss \$ \$353,000

Line 12. Loss from Operations

Line 6 + Line 7 + Line 8 + Line 9 - line 10 + Line 11 =
Line 12.

Table 1. Notes Continued - LOSS OF ANIMALS

In addition to producing milk, a dairy herd produces animals as heifers or bull calves. Heifers are used to replace cows that are lost to the herd by culling or for increasing herd size, or are sold to outsiders. Damages are stated as abnormally high death or cull rates, or by depressed reproduction, or by abnormal purchases of animals. Damages must not include double counting such as claiming the value of animals by death, and then also claiming the cost of animals purchased to replace those that died.

Death Loss

Claimant's dairy herd sustained 11 deaths in the time shortly after the introduction of the damaging feed on April 20, 2015. Normal deaths over that same period would be about 1 cow. Therefore, 10 deaths are attributable to damage.

The average milk production per cow per year in Wisconsin for 2016 is approximately 22,000# per cow. [National Agricultural Statistics Service (NASS), United States Department of Agriculture (USDA)] Claimant's position relative to this foundation at the Milk Loss Table Lines 2 and 7 for July 2016 are as follows.

Actual: $26,076\# / 22,000\# = 1.185$, or 18.5% above average.

Normal: $29,653\# / 22,000\# = 1.348$, or 34.8% above average.

The prices for dairy cows in Wisconsin are based on prices paid for dairy cows in Wisconsin, which are set at approximately \$2,100 over the relevant months. The prices of cows at any point in time will tend to be different than average, tracking along with the level of their production relative to average industry production.

Applying the percentage differences from average milk production to the prices of cows yields the following.

Actual: $\$2,100 \times 1.185 = \$2,489$, (or \$2,500)

Normal: $\$2,100 \times 1.348 = \$2,831$, (or \$2,850)

Loss per cow in herd: $\$2,850 - \$2,500 = \$350$

The death loss is therefore $10 \text{ cows} \times \$2,850/\text{cow} = \$28,500$.

Table 1. Notes Continued - LOSS OF ANIMALS

Cull Cow Loss

Claimant purchased 99 cows since the damage began in April 2015. 20 of these cows would have been purchased without the effect of the damage. The cull cow loss from the damage is therefore 79 cows at a loss per cow of the difference between the value of the undamaged cow, reduced by the value of the cull cow. The undamaged cows were worth \$2,850 as determined above. The value of the cull cows based on market data is approximately \$1,000. The loss per cow is therefore $\$2,850 - \$1,000 = \$1,850$. The loss from 79 damaged culls is therefore $\$1,850/\text{cow} \times 79 \text{ cows} = \$146,150$.

Capital Loss

The loss of value of the herd in the present is as follows.

Normal: $534 \times \$2,850 = \$1,521,500$.

Actual: $456 \times \$2,500 = \$1,140,000$

Death Loss \$ (28,500) Claimed above

Capital Loss \$ 353,000

Appendix 1
(Notes follow Appendix)

<u>Serial</u>	<u>Month</u>	<u>Cows</u>	<u># Milk</u>	<u>RHA</u> <u>Cows</u>	<u>RHA</u> <u>Milk</u>	<u>Annual</u> <u>Rate</u>	<u>Sales</u>	<u>Price</u>
1	Jan-15	448	984,373			26,367		
2	Feb-15	437	955,823			26,247		
3	Mar-15	437	1,047,863			28,774		
4	Apr-15	436	909,442			25,031		
5	May-15	420	938,373			26,811	\$167,312	
6	Jun-15	417	946,196			27,229	\$168,707	
7	Jul-15	428	997,137			27,957	\$154,536	
8	Aug-15	430	991,357			27,666	\$171,918	
9	Sep-15	432	876,915			24,359	\$153,896	
10	Oct-15	433	893,480			24,762	\$160,031	
11	Nov-15	428	904,223			25,352	\$158,058	
12	Dec-15	433	956,147	431.58	26,417	26,498	\$158,196	\$0.1723
13	Jan-16	438	950,759	430.75	26,391	26,048	\$148,128	
14	Feb-16	439	907,283	430.92	26,268	24,800	\$138,361	
15	Mar-16	441	954,123	431.25	26,030	25,963	\$147,870	
16	Apr-16	453	1,003,837	432.67	26,163	26,592	\$148,964	
17	May-16	451	1,056,240	435.25	26,278	28,104	\$148,979	
18	Jun-16	477	1,000,407	440.25	26,103	25,167	\$142,714	
19	Jul-16	490	1,057,165	445.42	25,935	25,890	\$167,742	\$0.1505

APPENDIX 1 NOTES

Cows: Test Summaries and Plaintiffs' records.

Milk: Plaintiffs' monthly milk settlement statements, summaries, and Plaintiffs' records.

RHA Cows: Rolling herd average of cow numbers for the most recent 12 months. Computed from data in the "Cows" column.

RHA Milk: Rolling herd average of milk production per cow for the most recent 12 months. Computed from data in the "Cows" and "Milk" columns.

Annual Rate: The annual rate of milk production per cow for the month. For example, in December 2015 the annual rate was $(956,147\# / 433 \text{ cows}) \times 12 \text{ months} = 26,498\#$.

Sales: Proceeds from milk sales from Plaintiffs' milk settlement statements net of hauling costs, plaintiffs' records.

Price: Total sales of milk for the calendar year divided by total pounds of milk for the calendar year.

Appendix 2

(Notes follow Appendix)

SCHOPF LOSS
2015

	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Annual</u>
ACTUAL									
1. Cows	420	417	428	430	432	433	428	433	427.63
2. Milk/Cow #	26,811	27,229	27,957	27,666	24,359	24,762	25,352	26,498	26,322
3. Milk Sold#	938,373	946,196	997,137	991,357	876,915	893,480	904,223	956,147	7,503,828
4. Milk Sales	\$167,312	\$168,707	\$154,536	\$171,918	\$153,896	\$160,031	\$158,058	\$158,196	\$1,292,654
5. Milk Price									\$0.1723
NORMAL									
6. Cows	432	459	485	500	508	509	504	509	488.25
7. Milk/Cow #	27,000	27,250	27,500	27,750	28,000	28,250	28,500	28,750	27,902
8. Milk Sold#	972,000	1,042,313	1,111,458	1,156,250	1,185,333	1,198,271	1,197,000	1,219,479	9,082,104
9. Milk Sales	\$167,442	\$179,555	\$191,466	\$199,182	\$204,193	\$206,421	\$206,202	\$210,075	\$1,564,537
10. Milk Price									\$0.1723
11. LOSS	\$130	\$10,848	\$36,930	\$27,264	\$50,297	\$46,390	\$48,144	\$51,879	\$271,883

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SCHOPF LOSS
2016

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Annual</u>
ACTUAL								
1. Cows	438	439	441	453	451	477	490	455.57
2. Milk/Cow #	26,048	24,800	25,963	26,592	28,104	25,167	25,890	26,076
3. Milk Sold#	950,759	907,283	954,123	1,003,837	1,056,240	1,000,407	1,057,165	6,929,814
4. Milk Sales	\$148,128	\$138,361	\$147,870	\$148,964	\$148,979	\$142,714	\$167,742	\$1,042,758
5. Milk Price								\$0.1505
NORMAL								
6. Cows	515	517	520	532	530	556	569	534.14
7. Milk/Cow #	29,000	29,250	29,500	29,750	30,000	30,000	30,000	29,653
8. Milk Sold#	1,244,583	1,260,188	1,278,333	1,318,917	1,325,000	1,390,000	1,422,500	9,239,521
9. Milk Sales	\$187,278	\$189,626	\$192,356	\$198,463	\$199,378	\$209,159	\$214,050	\$1,390,309
10. Milk Price								\$0.1505
11. LOSS	\$39,150	\$51,265	\$44,486	\$49,499	\$50,399	\$66,445	\$46,308	\$347,551

APPENDIX 2 NOTES

Line 1. Monthly: Appendix 1
Annual: 2015; Sum of Monthly Line 1 / 8 months
2016; Sum of Monthly Line 1 / 7 months

Line 2. Monthly: Appendix 1
Annual: 2015 (Annual Line 3 / Annual Line 1) X 12/8
2016 (Annual Line 3 / Annual Line 1) X 12/7

Line 3. Monthly: Appendix 1
Annual: Sum of Monthly Line 3.

Line 4. Monthly: Appendix 1
Annual: Sum of Monthly Line 4.

Line 5. Appendix 1

Line 6. Monthly: Plaintiffs Records
Annual: 2015; Sum of Monthly Line 6 / 8 months
2016: Sum of Monthly Line 6 / 7 months

Line 7. Monthly: 27,000# for May 2015, increasing by 250.00# per month to 30,000# as of May 2016.
Annual: 2015; (Annual Line 8 / Annual Line 6) X 12/8
2016; (Annual Line 8 / Annual Line 6) X 12/7

Line 8. Monthly: (Monthly Line 6 X Monthly Line 7) / 12
Annual: Sum of Monthly Line 8

Line 9. Monthly: Monthly Line 8 X Annual Line 10
Annual: Sum of Monthly Line 9

Line 10. Same as Line 5

Line 11. Monthly: Monthly Line 9 - Monthly Line 4
Annual: Sum of Monthly Line 11

Appendix 3

Cost Data per Cow and Replacement Heifer Excluding Organic

The cost of maintaining a cow and her replacement heifer is based on the data in Livestock Enterprise Analysis, Dairy and Replacement Heifers Excluding Organic (Minnesota West, Riverland and South Central College) This source contains data for cows according to the level of production. Wisconsin price data for 2010 and other years were applied to the quantities in the source as reported in various editions of Agricultural Prices [<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002>] published by the National Agricultural Statistics Service of the United States Department of Agriculture.

Table 1 states the base prices for 2010 relative to which the prices for earlier years are stated.

Table 1. 2010 Base Prices

32% Dairy	\$433/T
Corn	\$3.74/bu
Corn Silage	\$31.07/T
Alfalfa	\$110.83/T
Other Hay	\$38.94/T
Other Costs (1991 = 100)	190 Index

Table 2 is the average percentage of the cost of each category of cost for cows at all production levels in 2010. This percentage is the same for cows at all production levels in all years from 1990-2016 after adjusting for input price changes.

Table 2. 2010 Cost Percentages

32% Dairy	30.11%
Corn/Silage	19.54%
Alfalfa/Other Hay	16.27%
Other Costs	<u>34.08%</u>
Total	100.00%

Table 3 states the relationship of prices in 1990-2016 relative to 2010. For example, in 1997 the price of alfalfa was 92.78% of the 2010 price.

Table 3. Price Ratios

	<u>32% Dairy</u>	<u>Corn/Corn Silage</u>	<u>Alfalfa/Hay</u>	<u>Other Costs</u>
1990	.6998	.6283	.5887	.5105
1991	.6859	.6043	.4685	.5263
1992	.6952	.6150	.6940	.5421
1993	.7113	.5856	.8429	.5474
1994	.7229	.6337	.7188	.5684
1995	.6882	.6578	.5804	.6000
1996	.8152	.9465	.5985	.6263
1997	.8753	.6765	.9278	.6368
1998	.7136	.5749	.8324	.6158
1999	.6443	.4840	.5339	.6105
2000	.6651	.4947	.4511	.6316
2001	.6998	.5000	.5263	.6474
2002	.7159	.5508	.6278	.6421
2003	.7229	.5882	.7068	.6684
2004	.8799	.6604	.8233	.6947
2005	.7575	.5401	.9737	.7474
2006	.7921	.5856	.7188	.7895
2007	.9099	.8904	.6579	.8632
2008	1.1270	1.2353	1.0000	1.0105
2009	1.0970	1.0027	.8459	.9421
2010	1.0000	1.0000	1.0000	1.0000
2011	1.2540	1.6176	.9812	1.1158
2012	1.2979	1.7380	1.3384	1.1526
2013	1.5035	1.6283	2.0452	1.1526
2014	1.5681	1.1043	1.5301	1.1842
2015	1.5681	.9652	1.0015	1.1842
2016	1.5681	.9332	.8698	1.1842

Table 4 states the annual cost of maintaining a cow and her replacement heifer at each production level in each year. Each value is the percentage value in Table 2 multiplied by the price ratio in Table 3 which produces a weighted composite price ratio for the year which is then multiplied by the 2010 cost in Table 4 which was developed from the prices in Table 1.

Table 4. Cost per Animal Unit

	<u>Index</u>	<u>20,000#</u>	<u>22,000#</u>	<u>24,000#</u>	<u>26,000#</u>	<u>28,000#</u>	Per 1,000# <u>Change</u>
1990	.6033	\$1,803	\$1,983	\$2,163	\$2,344	\$2,524	\$90.13
1991	.5802	\$1,734	\$1,908	\$2,081	\$2,254	\$2,428	\$86.68
1992	.6271	\$1,875	\$2,062	\$2,249	\$2,436	\$2,624	\$93.70
1993	.6523	\$1,950	\$2,145	\$2,339	\$2,534	\$2,729	\$97.45
1994	.6522	\$1,949	\$2,144	\$2,339	\$2,534	\$2,729	\$97.43
1995	.6347	\$1,897	\$2,087	\$2,276	\$2,466	\$2,655	\$94.82
1996	.7412	\$2,216	\$2,437	\$2,658	\$2,880	\$3,101	\$110.74
1997	.7637	\$2,283	\$2,511	\$2,739	\$2,967	\$3,195	\$114.10
1998	.6725	\$2,010	\$2,211	\$2,412	\$2,613	\$2,814	\$100.47
1999	.5835	\$1,744	\$1,919	\$2,092	\$2,267	\$2,441	\$87.18
2000	.5856	\$1,750	\$1,925	\$2,100	\$2,275	\$2,450	\$87.48
2001	.6147	\$1,837	\$2,021	\$2,204	\$2,388	\$2,572	\$91.83
2002	.6442	\$1,925	\$2,118	\$2,310	\$2,503	\$2,695	\$96.24
2003	.6754	\$2,019	\$2,221	\$2,422	\$2,624	\$2,826	\$100.90
2004	.7647	\$2,286	\$2,514	\$2,742	\$2,971	\$3,200	\$114.25
2005	.7468	\$2,232	\$2,455	\$2,678	\$2,901	\$3,124	\$111.56
2006	.7389	\$2,209	\$2,430	\$2,650	\$2,871	\$3,092	\$110.40
2007	.8492	\$2,538	\$2,792	\$3,045	\$3,299	\$3,553	\$126.87
2008	1.0878	\$3,251	\$3,577	\$3,901	\$4,226	\$4,551	\$162.52
2009	.9849	\$2,944	\$3,238	\$3,532	\$3,826	\$4,121	\$147.15
2010	1.0000	\$2,989	\$3,288	\$3,586	\$3,885	\$4,184	\$149.40
2011	1.2336	\$3,687	\$4,056	\$4,424	\$4,792	\$5,161	\$184.30
2012	1.3410	\$4,008	\$4,409	\$4,809	\$5,210	\$5,611	\$200.34
2013	1.4964	\$4,473	\$4,920	\$5,366	\$5,814	\$6,216	\$223.57
2014	1.3405	\$4,007	\$4,407	\$4,807	\$5,208	\$5,609	\$200.27
2015	1.2273	\$3,668	\$4,035	\$4,401	\$4,768	\$5,135	\$183.36
2016	1.1996	\$3,586	\$3,944	\$4,302	\$4,660	\$5,019	\$179.22

Appendix 4

SCHOPF DATA SOURCE

<u>Serial</u>	<u>Month</u>	<u>Cows</u>	<u>Cows</u>	<u># Milk</u>	<u># Milk</u>	<u>Sales</u>	<u>Sales</u>
1	Jan-15						
2	Feb-15						
3	Mar-15						
4	Apr-15						
5	May-15	420	Test Summ	938,373	Summary	\$167,312	Calc WI Avg
6	Jun-15	417	Test Summ	946,196	Summary	\$168,707	Calc WI Avg
7	Jul-15	428	Test Summ	997,137	Summary	\$154,536	Calc WI Avg
8	Aug-15	430	Schopf-Farm Records	991,357	Milk Ck	\$171,918	Milk Ck
9	Sep-15	432	Schopf-Farm Records	876,915	Milk Ck	\$153,896	Milk Ck
10	Oct-15	433	Schopf-Farm Records	893,480	Schopf	\$160,031	Calc Schopf Price 0.1791
11	Nov-15	428	Schopf-Farm Records	904,223	Schopf	\$158,058	Calc Schopf Price 0.1748
12	Dec-15	433	Schopf-Farm Records	956,147	Schopf	\$158,196	Calc Schopf Price 0.1654
13	Jan-16	438	Schopf-Farm Records	950,759	Schopf	\$148,128	Calc Schopf Price 0.1558
14	Feb-16	439	Schopf-Farm Records	907,283	Schopf	\$138,361	Calc Schopf Price 0.1525
15	Mar-16	441	Schopf-Farm Records	954,123	Schopf	\$147,870	Calc Schopf Price 0.1550
16	Apr-16	453	Schopf-Farm Records	1,003,837	Milk Ck	\$148,964	Milk Ck
17	May-16	451	Schopf-Farm Records	1,056,240	Milk Ck	\$148,979	Milk Ck
18	Jun-16	477	Schopf-Farm Records	1,000,407	Milk Ck	\$142,714	Milk Ck
19	Jul-16	490	Schopf-Farm Records	1,057,165	Milk Ck	\$167,742	Milk Ck

SCHOPF MILK LOSS

2016

<u>Actual</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Milk Loss</u>
1. Cows	487	506	492	492	485	
2. Milk/Sold	1,054,938	995,744	1,053,929	1,035,000	1,009,540	
3. Milk/Cow/Year	25,994	23,614	25,706	25,244	24,978	
4. Milk/Cow/Day	61.0	53.3	59.7	58.6	58.9	
5. Milk Sales	\$183,143	\$172,033	\$177,116	\$183,000	\$187,363	
6. Milk Price	\$0.1736	\$0.1728	\$0.1681	\$0.1768	\$0.1856	
<u>Normal</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	
7. Cows	570	570	570	570	570	
8. Milk/Sold	1,425,000	1,425,000	1,425,000	1,425,000	1,425,000	
9. Milk/Cow/Year	30,000	30,000	30,000	30,000	30,000	
10. Milk/Cow/Day	80.0	80.0	80.0	80.0	80.0	
11. Milk Sales	\$247,380	\$246,240	\$239,543	\$251,940	\$264,480	
12. Milk Price	\$0.1736	\$0.1728	\$0.1681	\$0.1768	\$0.1856	
13. Milk Loss	\$64,237	\$74,207	\$62,427	\$68,940	\$77,117	\$346,928

2017

<u>Actual</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Milk Loss</u>
1. Cows	480	482	473	
2. Milk/Sold	993,737	951,567	992,639	
3. Milk/Cow/Year	24,843	23,690	25,183	
4. Milk/Cow/Day	59.2	56.2	60.8	
5. Milk Sales	\$185,222	\$179,140	\$178,456	
6. Milk Price	\$0.1864	\$0.1883	\$0.1798	
<u>Normal</u>	<u>January</u>	<u>February</u>	<u>March</u>	
7. Cows	570	570	570	
8. Milk/Sold	1,425,000	1,425,000	1,425,000	
9. Milk/Cow/Year	30,000	30,000	30,000	
10. Milk/Cow/Day	80.0	80.0	80.0	
11. Milk Sales	\$265,620	\$268,328	\$256,215	
12. Milk Price	\$0.1864	\$0.1883	\$0.1798	
13. Milk Loss	\$80,398	\$89,188	\$77,759	\$247,345

Total Milk Loss \$594,272

LAND O'LAKES, INC. - CHECK REMITTANCE DETAIL
PAY PERIOD: 10/01 - 10/31, 2015
SETTLEMENT CHECK

Payment Date: 11/17/2015
Payment ID: 905596

FARM ID: 27629
PAYOUT ID: 27629

FARM NAME: SCHOPF'S HILLTOP DAIRY LLC
PAYOUT NAME: SCHOPF'S HILLTOP DAIRY LLC

TEST AVERAGES: **Bfat:** 3.374 **PROT:** 3.064 **OSOL:** 5.761
QUALITY AVERAGES: **SCC:** 170 **BAC:** 1
CHARGEABLE STOPS: 18

PRODUCTION	POUNDS	RATE	TYPE	YOUR TOTAL	FARM TOTAL
Grade A Pounds	893,480.00				
Grade A Bfat	30,146.02	2.9087	per lb bfat	87,685.71	87,685.71
__Grade A Base Protein	0.00	1.7019	per lb protein	0.00	0.00
__Grade A Protein Premium	0.00	0.0000	per lb protein	0.00	0.00
Grade A Total Protein	27,376.23	1.7019	per lb protein	46,591.60	46,591.60
Grade A Other Solids	51,473.38	0.0328	per lb o-sol	1,688.33	1,688.33
Producer Price Diff	893,480.00	0.2000	per cwt	1,786.96	1,786.96
Volume	57,522.24	0.1000	per chs solids	5,752.22	5,752.22
SCC Quality	893,480.00	0.5832	per cwt	5,210.78	5,210.78
Bact Quality	893,480.00	0.1000	per cwt	893.48	893.48
Affidavit Premium	893,480.00	0.3500	per cwt	3,127.18	3,127.18
CWT Program Cost	893,480.00	-0.0400	per cwt	-357.39	-357.39
Monthly Cash Price		17.0545	per cwt		
Forward Contract				7,680.00	7,680.00
Gross Amount		17.9141	per cwt	160,058.87	160,058.87
Total Deductions				160,058.87	
Bank Deposit				0.00	
Gross After Hauling		17.4681	per cwt		

LAND O'LAKES, INC. - CHECK REMITTANCE DETAIL
PAY PERIOD: 10/01 - 10/31, 2015
SETTLEMENT CHECK

Payment Date: 11/17/2015
Payment ID: 905596

FARM ID: 27629
PAYOUT ID: 27629

FARM NAME: SCHOPF'S HILLTOP DAIRY LLC
PAYOUT NAME: SCHOPF'S HILLTOP DAIRY LLC

Advance Deductions	Dollars
ADVANCE 10/05/15	2,500.00
ADVANCE 10/13/15	2,500.00
MANITOU FINANCE	1,338.55
ASSOCIATED BANK	1,800.00
CP FEEDS LLC	17,527.00
DOOR COUNTY VETERINA	3,250.00
INVESTORS COMMUNITY	1,300.00
INVESTORS COMMUNITY	4,089.00
INVESTORS COMMUNITY	4,360.00
INVESTORS COMMUNITY	6,300.00
INVESTORS COMMUNITY	11,600.00
STEWART-PETERSON	763.64
SUPPLY PURCHASES	5,700.00
ADVANCE PAYMENT	0.00

63,028.19

Final Deductions	
HAULING	3,984.92
WISCONSIN MILK MARKE	893.48
NATIONAL DAIRY PROMO	446.74
ADVANCE 10/19/15	2,500.00
ADVANCE 10/26/15	2,500.00
FARM SERVICE AGENCY	5,600.00
UNITED STATES TREASU	81,105.54

97,030.68

TOTAL DEDUCTIONS: 160,058.87

YEAR TO DATE TOTALS:	
POUNDS	9,540,959.00
GROSS DOLLARS	1,762,506.45
ADA/LDP	9,540.96
HAULING	43,061.71
NDPO	4,770.49
SUPPLY	109,639.29

LAND O'LAKES, INC. - CHECK REMITTANCE DETAIL
PAY PERIOD: 11/01 - 11/30, 2015
SETTLEMENT CHECK

Payment Date: 12/17/2015
Payment ID: 909901

FARM ID: 27629
PAYOUT ID: 27629

FARM NAME: SCHOPF'S HILLTOP DAIRY LLC
PAYOUT NAME: SCHOPF'S HILLTOP DAIRY LLC

TEST AVERAGES: **Bfat:** 3.485 **PROT:** 3.032 **OSOL:** 5.774
QUALITY AVERAGES: **SCC:** 147 **BAC:** 2
CHARGEABLE STOPS: 18

PRODUCTION	POUNDS	RATE	TYPE	YOUR TOTAL	FARM TOTAL
Grade A Pounds	904,223.00				
Grade A Bfat	31,512.17	3.1830	per lb bfat	100,303.24	100,303.24
__Grade A Base Protein	0.00	1.3205	per lb protein	0.00	0.00
__Grade A Protein Premium	0.00	0.0000	per lb protein	0.00	0.00
Grade A Total Protein	27,416.04	1.3205	per lb protein	36,202.88	36,202.88
Grade A Other Solids	52,209.84	0.0361	per lb o-sol	1,884.78	1,884.78
Producer Price Diff	904,223.00	0.4600	per cwt	4,159.43	4,159.43
Volume	58,928.21	0.1000	per chs solids	5,892.82	5,892.82
SCC Quality	904,223.00	0.6557	per cwt	5,928.99	5,928.99
Bact Quality	904,223.00	0.1000	per cwt	904.22	904.22
Affidavit Premium	904,223.00	0.3500	per cwt	3,164.78	3,164.78
CWT Program Cost	904,223.00	-0.0400	per cwt	-361.69	-361.69
Gross Amount		17.4824	per cwt	158,079.45	158,079.45
Total Deductions				158,079.45	
Bank Deposit				0.00	
Gross After Hauling		17.0404	per cwt		

LAND O'LAKES, INC. - CHECK REMITTANCE DETAIL
PAY PERIOD: 11/01 - 11/30, 2015
SETTLEMENT CHECK

Payment Date: 12/17/2015
Payment ID: 909901

FARM ID: 27629
PAYOUT ID: 27629

FARM NAME: SCHOPF'S HILLTOP DAIRY LLC
PAYOUT NAME: SCHOPF'S HILLTOP DAIRY LLC

Advance Deductions	Dollars
UNITED STATES TREASU	72,301.89
ADVANCE PAYMENT	0.00

72,301.89

Final Deductions	
HAULING	3,996.67
WISCONSIN MILK MARKE	904.22
NATIONAL DAIRY PROMO	452.11
LAND O LAKES, INC.	80,424.56
UNITED STATES TREASU	0.00

85,777.56

TOTAL DEDUCTIONS:	158,079.45
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YEAR TO DATE TOTALS:	
POUNDS	10,445,182.00
GROSS DOLLARS	1,920,585.90
ADA/LDP	10,445.18
HAULING	47,058.38
NDPO	5,222.60
SUPPLY	109,639.29